

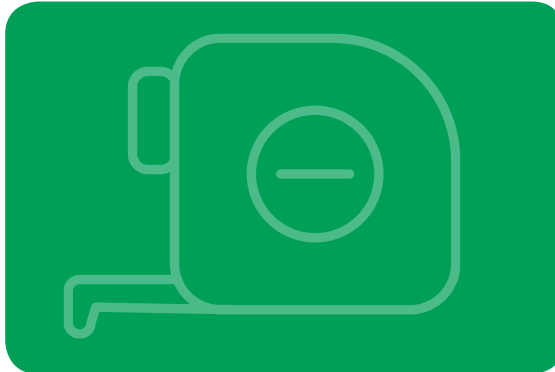
2015 ANNUAL REPORT

FOR THE CANADIAN TIRE DEALERS' ASSOCIATION PROFIT SHARING PLAN

BUILD GREAT SAVINGS

WITH THE PROFIT SHARING PLAN

PROFITSHARING   



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This annual report provides a summary of the details and performance of the Profit Sharing Plan for the 2015 calendar year. Every effort has been made to report information accurately. In the event that details differ between this publication and plan documents, the latter will govern in all instances.

The information within this report is a guide, not advice. We strongly recommend that you consult a financial advisor to find the right investment approach for your individual needs. You can withdraw \$500 each year from your Savings Award account to pay for this service!

WELCOME!



I'm pleased to present the 2015 annual report for the Canadian Tire Dealers' Association's Profit Sharing Plan.

Canadian Tire Corporation and its family of Associate Stores had another successful year – and we couldn't have done it without you! Your ongoing commitment to delighting our customers and driving store sales is a big reason why total plan assets reached approximately \$629 million on December 31, 2015, up more than \$6.5 million from 2014.

While it was a good year, it was also challenging from the investment perspective: markets fluctuated and low interest rates kept returns lower than in 2014. That's why this year's annual report offers tips for investing wisely and making the choices that best fit your savings goals for retirement or for other important expenses.

On behalf of the Profit Sharing Committee, I would like to thank every Canadian Tire employee for your contribution to your store. The Profit Sharing Plan is one way of recognizing you for your hard work and dedication. I would also like to thank our Profit Sharing team for managing and supporting the plan. Let's keep up the great work and make 2016 one of our best years ever!

Sincerely,

Cam Beach

Director, Profit Sharing Committee

BE SMART ABOUT YOUR INVESTMENTS

Investing can sometimes be tricky. Unpredictable market performance can tempt us to make drastic moves – even if it's not wise in the long-term!

Throughout this year's annual report, we walk you through the steps you need to take to determine how to invest your Profit Sharing Plan awards and savings in the way that's right for you:

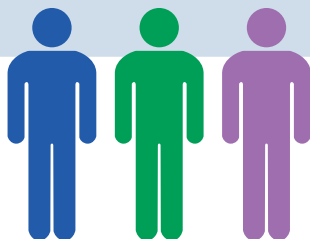
1.

FIND OUT YOUR **INVESTOR PROFILE** BY COMPLETING THE **ASSET ALLOCATION** TOOL WHEN YOU LOG IN TO **MYSUNLIFE.CA**.



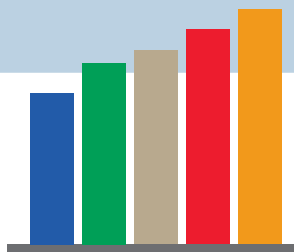
2.

TURN THE PAGE TO CHECK OUT THE OVERVIEW OF **INVESTMENT OPTIONS** AND DETERMINE WHAT'S BEST SUITED TO YOU.



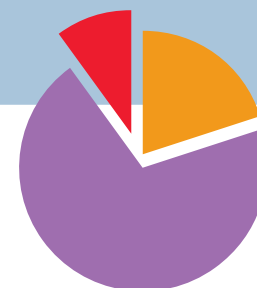
3.

SEE HOW EACH **INVESTMENT OPTION PERFORMED** IN 2015. FLIP TO PAGE 7!



4.

TAKE ACTION! LOG IN TO **MYSUNLIFE.CA** TO REVIEW YOUR INVESTMENTS AND MAKE CHANGES.



WHAT TYPE OF INVESTOR ARE YOU?

The investments you choose should be based on your savings goals and tolerance for risk. In this report, we feature three investors – each has different needs, savings goals and tolerance for risk. As you consider your investment options, keep in mind the investments they choose based on their needs and savings goals.

Eva, 55 years old

Eva plans to retire and withdraw her savings at age 65:

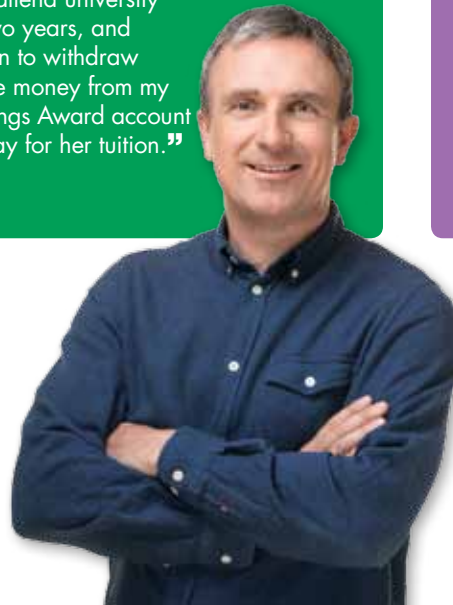
“I’m planning to retire and want to withdraw my savings within the next 10 years, so I want my account balance to remain fairly stable and I want to protect it as much as possible from market ups and downs.”



Brad, 45 years old

Brad plans to retire in 20 years and his daughter is heading to post-secondary school in two years:

“I still have time to save for retirement so I can tolerate some risk. My daughter will attend university in two years, and I plan to withdraw some money from my Savings Award account to pay for her tuition.”



Melanie, 24 years old

Melanie has more than 30 years until retirement and she’s currently saving for a house:

“I’m still young so I’m willing to take on more risk as I’ve time to recover from any downturns. I plan to buy a house in two years’ time, and will use money in my Savings Award account to pay for my down payment.”



YOUR INVESTOR PROFILE



You might be a conservative investor if you agree with these statements:

- I'd prefer my account balance to remain fairly stable.
- I want to protect my account balance from market ups and downs as much as possible.
- I'm OK with a more conservative return for a safer investment.
- I'm getting close to retirement so don't have much time to recover if I lose value by taking more risk.



You might be a moderate investor if you agree with these statements:

- I prefer my account balance to remain fairly stable.
- I'm comfortable investing some of my money in companies that are outside Canada to diversify my investments.
- I want to earn fairly good returns without taking on too much risk.



You might be an aggressive investor if you agree with these statements:

- I'm comfortable if my account balance goes up and down often.
- I want the highest return possible – even if it means taking on some more risk.
- I'm still young and far from retirement so I'm willing to take on more risk as I've time to recover from any downturns.



Complete the Asset allocation tool on mysunlife.ca and you'll fit into one of these profiles:

CONSERVATIVE
MODERATE
AGGRESSIVE



You should consult a financial advisor to find the right investment approach for your individual needs. You can withdraw up to **\$500** each year from your Savings Award account to pay for their services.

GETTING TO KNOW YOUR INVESTMENT OPTIONS

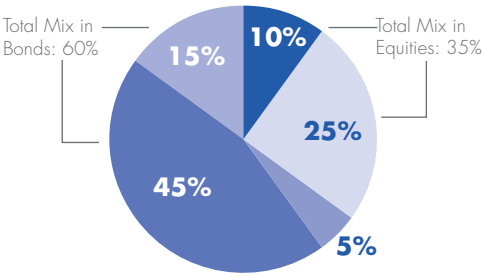
The Profit Sharing Plan offers **three** types of investments and **five** different options:

1. TARGET RISK FUNDS

Target risk funds are designed to simplify investing for you. Each one consists of a mix of equities (i.e., stocks) and bonds to help you reduce risk and diversify your portfolio. Under the Profit Sharing Plan, you can choose from three different target risk funds: BlackRock (BLK) Conservative, Moderate or Aggressive Balanced Index Segregated Funds.

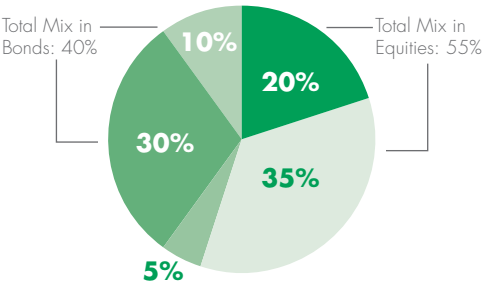
The BLK Conservative Fund is the default option if you don't log in to your account at mysunlife.ca and make an active investment decision.

BLK CONSERVATIVE FUND



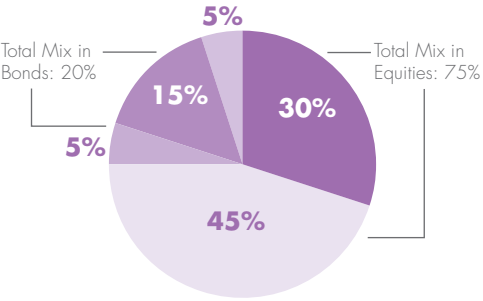
- Canadian Stocks
- Global Stocks
- Real Estate
- Canadian Bonds
- Real Return Bonds

BLK MODERATE FUND



- Canadian Stocks
- Global Stocks
- Real Estate
- Canadian Bonds
- Real Return Bonds

BLK AGGRESSIVE FUND



- Canadian Stocks
- Global Stocks
- Real Estate
- Canadian Bonds
- Real Return Bonds

2. CANADIAN TIRE STOCK

A STAKE IN THE COMPANY

The Canadian Tire Stock Fund invests 100% in Canadian Tire class “A” shares, giving you a stake in our business. All members must keep at least 10% of their Growth Award invested in this fund.

3. SUN LIFE FINANCIAL MONEY MARKET SEGREGATED FUND

QUICK CASH

Returns on money market funds are typically lower than in other types of investments – and may not keep up with inflation in the long-term. The Sun Life Money Market Fund might serve you in the short-term if you know you will need cash for a purchase – in the long-term, it’s wise to consider other investment options to ensure you reach your savings goals.

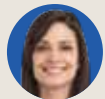


Check out the glossary of important investment terms on page 11.

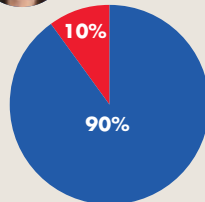
EXAMPLE PORTFOLIOS

Now let’s see the funds each investor chose for their Profit Sharing awards:

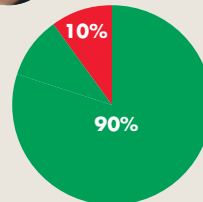
- BLK Conservative Fund
- BLK Moderate Fund
- BLK Aggressive Fund
- Canadian Tire Stock Fund
- Sun Life Money Market Fund



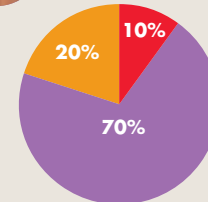
Eva’s portfolio:



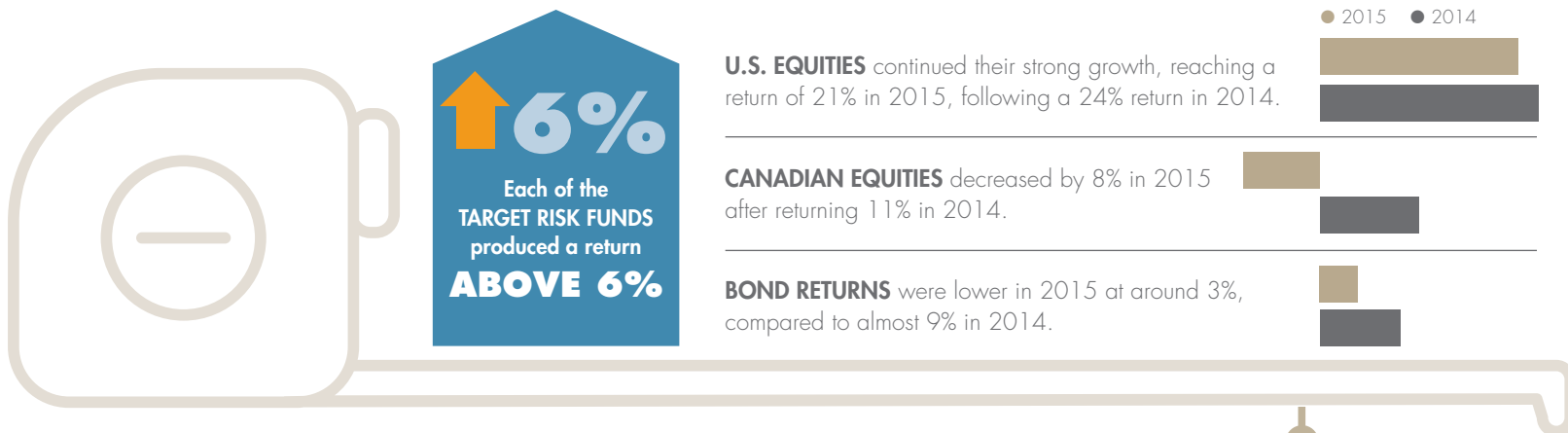
Brad’s portfolio:



Melanie’s portfolio:



2015 PROGRESS REPORT



2015 by the numbers

18,731



The number of Canadian Tire store employees who are members of the Profit Sharing Plan

483



The number of Canadian Tire stores that offer the Profit Sharing Plan to its employees

4.1%



Plan asset growth vs. 2014

\$629 MILLION



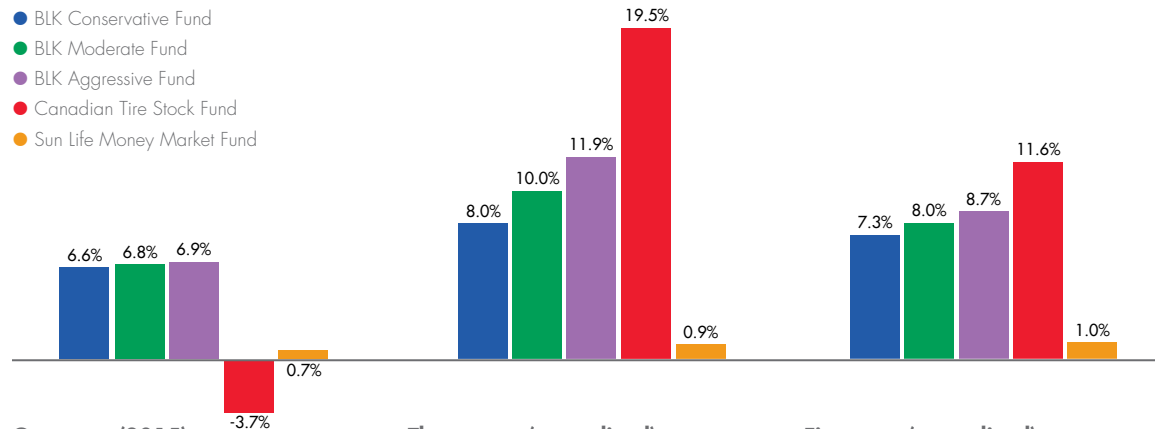
Total plan assets (amount of money in the plan)

Why did Canadian equities DROP in 2015?

The significant decrease in oil and commodity prices worldwide and the weakening of the Canadian dollar against the U.S. dollar are reasons for the lag in Canadian equities.

HOW YOUR INVESTMENT OPTIONS PERFORMED

ANNUALIZED RETURNS AS OF DECEMBER 31, 2015*



One-year (2015)

- One-year returns were lower in 2015 than 2014.
- Strength in the global equities in Canadian dollars was noticeable, but Canadian markets struggled.
- Returns on bonds were positive, but not as strong as in 2014.

Three-year (annualized)

- Three-year returns were in line with expectations.
- There was a noted difference in the performance of funds that invest higher amounts in equities (e.g., BLK Aggressive) compared to those that invest higher amounts in bonds (e.g., BLK Conservative).
- Aggressive funds performed better compared to more conservative mixes due to strong performance of the U.S. and global markets.

Five-year (annualized)

- Five-year returns slightly declined in 2015 compared to 2014.
- This reflects slow growth and inconsistent market performance around the world.

*Note: Past performance of investment options is not indicative of future returns.

ABOUT FEES

Investment return amounts are shown before fund management fees are deducted. Fund management fees are used to pay the fund managers responsible for overseeing each of the plan's investment options and associated costs. If you want to know more about plan fees or investment performance, log in to the Sun Life Financial plan member website at mysunlife.ca.

TARGET RISK FUNDS

HOW DID THE TARGET RISK FUNDS DO IN 2015?

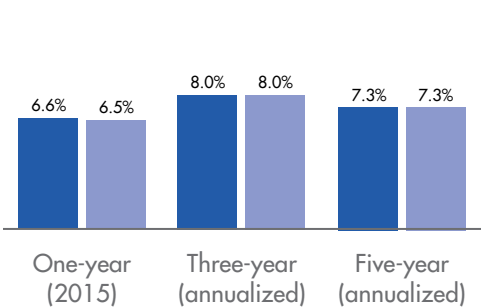
- The struggle of Canadian markets affected the funds' performance, but this effect was mitigated by positive performance of global equities and bonds.
- This dynamic led to the performance of the aggressive, moderate and conservative funds being less than in 2014.
- Each fund produced returns close to its benchmark, which is a combination of five different indices.



For each fund, there is a corresponding investment benchmark with a similar balance of equities and bonds. The fund managers look at the funds and benchmark portfolios side-by-side to make sure each fund is performing the way it should.

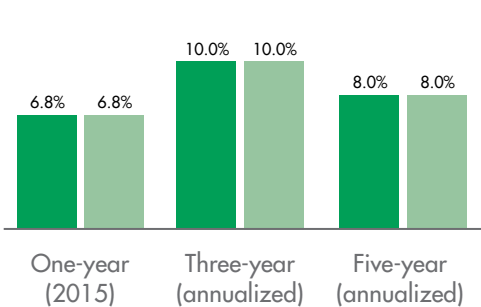
BLK CONSERVATIVE FUND

● BLK Conservative Fund ● BLK Conservative Benchmark



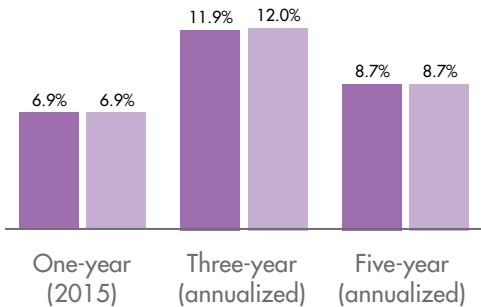
BLK MODERATE FUND

● BLK Moderate Fund ● BLK Moderate Fund Benchmark



BLK AGGRESSIVE FUND

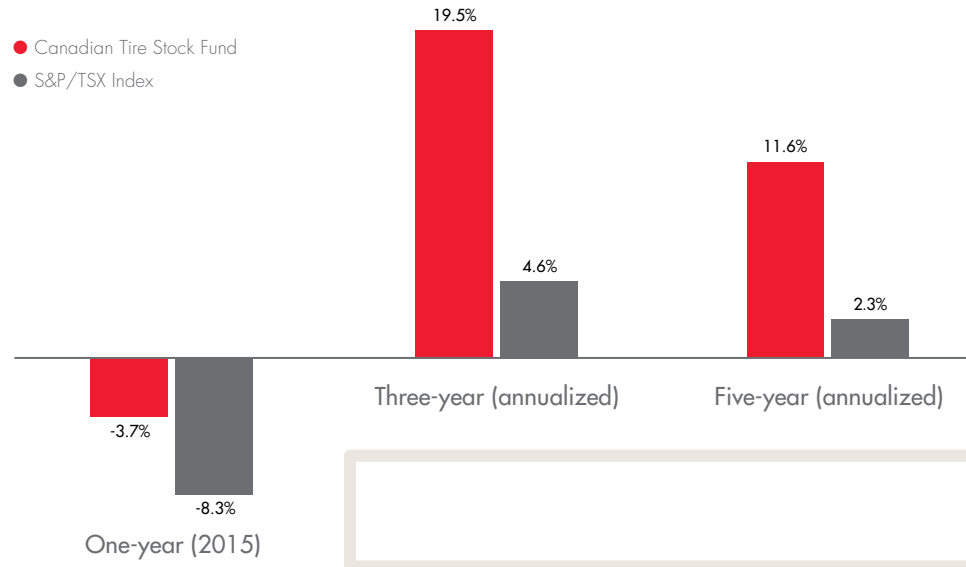
● BLK Aggressive Fund ● BLK Aggressive Fund Benchmark



CANADIAN TIRE STOCK FUND

HOW DID THE FUND DO IN 2015?

- The Canadian Tire Stock Fund decreased in value with a -3.7% return.
- To monitor how well this fund is doing, we compare it to a benchmark – in this case, the S&P/TSX Total Return Index.
- Compared to its S&P/TSX Index benchmark the stock outperformed despite challenging market conditions.
- The bottom line: Changes in year-over-year returns show the increased volatility that comes from holding one stock relative to a diversified and balanced portfolio.



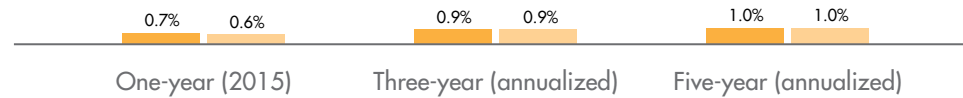
Choosing to invest in any single stock is more risky, because an investor misses out on the benefits of diversification. While it's great to participate in the growth of the company you work for, the extra risk associated with investing in a single stock means you should think carefully about how much of your retirement savings should be invested here. Investing in the Canadian Tire Stock Fund best complements an already diversified portfolio.

SUN LIFE MONEY MARKET FUND

HOW DID THE FUND DO IN 2015?

- The Sun Life Money Market Fund had a low return in 2015 – decreasing from 2014.
- This is because interest rates have remained low and they will remain so until economic conditions have improved. (Low interest rates typically mean low money market returns.)
- To monitor how well this fund is doing, we compare it to the FTSE TMX Canada 91-Day Treasury Bill benchmark, which represents three-month money market rates.

● Sun Life Money Market Fund ● FTSE TMX Canada 91-Day Treasury Bill Index



INVESTMENT GLOSSARY

Bonds: To raise money, governments and organizations can sell bonds. When you buy a bond, you're essentially lending money to an entity for the promise of repayment in addition to a specified annual return. Although some entities are more reliable than others, bonds generally offer more stability and predictability.

Equities (also called "stocks"): When you buy stock, you're buying ownership in a company. This means that whenever the company makes a profit, you make a profit as well; whenever the company loses money, you lose money too. Typically, investors buy stocks and hold them for a long time, making decisions along the way about buying more or selling.

Diversification: It's tough to predict what any one year in investing might bring. The key to riding the ups and downs of the market is to diversify and stay the course. When you hold a diversified portfolio, you're spreading investment risk across different types of funds (e.g., stocks, bonds) in the hope that if one part of the market does poorly in a period, other areas will offset this loss by doing well – of course, the target risk funds already do this for you.

Target risk funds: Target risk funds are designed to simplify investing for you. Each one consists of a mix of equities (i.e., stocks) and bonds in different proportions to create portfolios based on certain risk profiles. Under the Profit Sharing Plan, you can choose from three different target risk funds: BLK Conservative Fund, BLK Moderate Fund and BLK Aggressive Fund, with the conservative fund allocating the most to bonds and least to stocks, and the aggressive fund allocating the least to bonds and most to stocks. Each one is monitored by fund managers and seeks to track an appropriate asset mix of bonds and stocks to fit different risk profiles – so you don't have to worry about managing a target risk fund.

Portfolio: A collection of all your financial investments. The best way to reduce investment risk is to build a diversified portfolio that includes different types of investments (stocks, bonds, real estate, and other).

YOUR “TO DO” LIST

AS A MEMBER OF THE PROFIT SHARING PLAN,
YOU ARE RESPONSIBLE FOR:



✓ Investing your awards

Log in to the Sun Life plan member website, **mysunlife.ca**, to allocate your awards in the plan's investment options. Remember to refer to your investor profile questionnaire results when making your choices!

✓ Reviewing your investments once or twice a year

It's a good idea to make sure your investments continue to align with your investment strategy and comfort with risk, and then make changes if necessary.

✓ Planning for the future

It's important to understand how the plan fits with your overall savings plan and your other financial resources for retirement.

✓ Understanding the plan and reading all plan-related information

Have a question? Speak to your Dealer or contact the Sun Life Financial Customer Care Centre at **1.866.733.8612** from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.

FOR MORE INFORMATION...

CHECK OUT THESE RESOURCES



Making the Most of the Profit Sharing Plan Booklet

- Everything you need to know about the Profit Sharing Plan



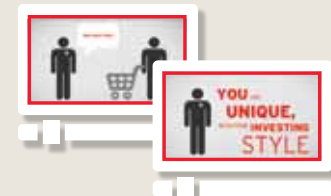
The Track Record

- A newsletter that gives you the latest Profit Sharing Plan updates



Sun Life Financial Plan Member Website – mysunlife.ca

- **Asset allocation tool**
- Retirement planning tool
- Sun Life Mobile app



Profit Sharing e-Learning Videos

- Available when you log in to Canadian Tire University or mysunlife.ca
- Direct links:
VIDEO 1 bit.do/ProfitSharing1
VIDEO 2 bit.do/ProfitSharing2



HAVE A QUESTION ABOUT PROFIT SHARING?



CALL Sun Life Financial's Customer Care Centre at 1.866.733.8612, from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.



EMAIL profitsharingplan@morneaushepell.com



SPEAK directly with your Dealer or store administrator